

UNCLASSIFIED

Exhibit R-2, RDT&E Budget Item Justification: PB 2013 Air Force **DATE:** February 2012

APPROPRIATION/BUDGET ACTIVITY 3600: <i>Research, Development, Test & Evaluation, Air Force</i> BA 7: <i>Operational Systems Development</i>	R-1 ITEM NOMENCLATURE PE 0305238F: NATO AGS
--	---

COST (\$ in Millions)	FY 2011	FY 2012	FY 2013 Base	FY 2013 OCO	FY 2013 Total	FY 2014	FY 2015	FY 2016	FY 2017	Cost To Complete	Total Cost
Total Program Element	-	-	210.109	-	210.109	264.134	235.757	140.000	40.000	Continuing	Continuing
676001: NATO AGS	-	-	210.109	-	210.109	264.134	235.757	140.000	40.000	Continuing	Continuing
Quantity of RDT&E Articles	0	0	0	0	0	0	0	0	0		

Note

In FY 2012, P018, NATO Alliance Ground Surveillance (AGS) efforts were transferred from PE 1001018D8Z, NATO AGS, P018, NATO AGS, to PE 0305220F, NATO AGS, Project 676001, NATO AGS in order to transfer control of this effort from OSD to the USAF.

In FY 2013, Project 676001, NATO AGS, efforts will transfer from PE 0305220F, NATO AGS, Project 676001, NATO AGS to PE 0305238F, NATO AGS, Project 676001, NATO AGS, in order to manage NATO AGS as a separate program.

A. Mission Description and Budget Item Justification

U.S. participation in NATO AGS was ratified by SECDEF signature of the NATO AGS Program Memorandum of Understanding (PMOU) in June 2009. The PMOU went into effect in Sept 2009. The NATO AGS Program includes an air segment consisting of a Global Hawk Block 40-like air vehicle, using elements of the USN BAMS command and control architecture and the U.S. Radar Technology Insertion Program (RTIP) radar; a unique configuration to allow export of system; a ground segment for data exploitation and distribution; establishment and operation of a management organization; development of operations and support concepts; and definition and establishment of an initial support capability. The program, managed by NATO AGS Management Agency (NAGSMA), is composed of: design, development and demonstration, as well as initial in-service support (IISS). While the current program includes IISS, the current contract does not include these tasks.

In FY2012, OSD transferred the NATO AGS project funding to the USAF for management and execution. The NATO AGS project funds the U.S. share of the cost for NATO to acquire an air-to-ground ground surveillance capability, improvements to the radar, and the U.S. support of NATO activities.

Operations and continuing support will be funded through a future NATO Military Commanders' Capability Package funded within the NATO Security Investment Program (NSIP).

The AGS system will be a NATO-owned and operated airborne ground surveillance capability that provides continuous, wide area surveillance information in all weather conditions for use at the strategic, operational and tactical levels of command. Interoperable with other national assets, AGS will provide NATO decision makers with near real time, continuous information and situational awareness concerning friendly, neutral, and opposing ground forces to support mission planning and execution to include force protection and targeting. The NATO Staff Requirements (NSR), serving as the basis for the AGS acquisition was approved in 1997. After a series of studies, including options for a mid-sized fleet composed of manned and unmanned platforms, a decision was reached to pursue the acquisition of an Unmanned Aerial Vehicle (UAV)-only capability based on a Global Hawk (GH) Block 40 equipped with the RTIP sensor. The AGS system will include five (5) NATO-developed air vehicles, ground-based aircraft control equipment, and fixed and deployable data exploitation elements.

UNCLASSIFIED

Exhibit R-2, RDT&E Budget Item Justification: PB 2013 Air Force				DATE: February 2012		
APPROPRIATION/BUDGET ACTIVITY 3600: Research, Development, Test & Evaluation, Air Force BA 7: Operational Systems Development		R-1 ITEM NOMENCLATURE PE 0305238F: NATO AGS				
In September 2009, fifteen nations, including the United States, signed the PMOU financially committing each participant to the procurement and delivery to the war fighter of the NATO Commander's number one priority. Denmark has withdrawn from the NATO AGS program support. Canada gave intent to withdraw in August 2011.						
This funding is the U.S. cost share for the acquisition of the NATO airborne ground surveillance capability as well as the cost share associated with the IISS. In-Service Support (ISS) will be contracted under separate action. It is anticipated that ISS costs will be commonly funded, using the NATO Security Investment Program (NSIP). This funding also includes developmental activity for RTIP to include additional functionality and configuration requirements, studies and analysis related to mission security and exportability, and current and future program planning, project execution, engineering, and program management support to NATO.						
This program is in Budget Activity 7, Operational System Development, because this budget activity includes development efforts to upgrade systems that have been fielded or have received approval for full rate production and anticipate production funding in the current or subsequent fiscal year.						
B. Program Change Summary (\$ in Millions)		FY 2011	FY 2012	FY 2013 Base	FY 2013 OCO	FY 2013 Total
Previous President's Budget		-	-	83.210	-	83.210
Current President's Budget		-	-	210.109	-	210.109
Total Adjustments		-	-	126.899	-	126.899
• Congressional General Reductions		-	-			
• Congressional Directed Reductions		-	-			
• Congressional Rescissions		-	-			
• Congressional Adds		-	-			
• Congressional Directed Transfers		-	-			
• Reprogrammings		-	-			
• SBIR/STTR Transfer		-	-			
• Other Adjustments		-	-	126.899	-	126.899
Change Summary Explanation						
In FY 2013, Project 676001, NATO AGS, efforts will transfer from PE 0305220F, NATO AGS, Project 676001, NATO AGS to PE 0305238F, NATO AGS, Project 676001, NATO AGS, in order to manage NATO AGS as a separate program. Resources were not properly phased in PE 0305220F. According to the PMOU, certain funding is required in certain years. As such, this PE has been adjusted for an increase of \$126,899,000.00 in FY 2013 to support the PMOU agreement.						
C. Accomplishments/Planned Programs (\$ in Millions)				FY 2011	FY 2012	FY 2013
Title: Design / Development of NATO AGS				-	-	184.992
Description: United States contribution to NATO for AGS development acquisition and initial fielding. Supports configuration changes at a system level.						

UNCLASSIFIED

Exhibit R-2, RDT&E Budget Item Justification: PB 2013 Air Force							DATE: February 2012				
APPROPRIATION/BUDGET ACTIVITY 3600: <i>Research, Development, Test & Evaluation, Air Force</i> BA 7: <i>Operational Systems Development</i>				R-1 ITEM NOMENCLATURE PE 0305238F: <i>NATO AGS</i>							

C. Accomplishments/Planned Programs (\$ in Millions)	FY 2011	FY 2012	FY 2013
<i>FY 2013 Plans:</i> United States contribution to NATO for AGS development acquisition and initial fielding. Supports configuration changes at a system level.			
<i>Title:</i> Design / Development of RTIP <i>Description:</i> To support development of additional capability and provide configuration changes.	-	-	22.127
<i>FY 2013 Plans:</i> To support development of additional capability and provide configuration changes.			
<i>Title:</i> Support the NATO AGS Management System <i>Description:</i> Establish and support a program office for US Government support to NATO for AGS development and initial fielding. Provide testing and evaluation via the Air Force Flight Test Center. Serve as interface to the US program offices and the prime contractor for NATO AGS capability.	-	-	2.990
<i>FY 2013 Plans:</i> Establish and support a program office for US Government support to NATO for AGS development and initial fielding. Provide testing and evaluation via the Air Force Flight Test Center. Serve as interface to the US program offices and the prime contractor for NATO AGS capability.			
Accomplishments/Planned Programs Subtotals	-	-	210.109

D. Other Program Funding Summary (\$ in Millions)											
Line Item	FY 2011	FY 2012	FY 2013 Base	FY 2013 OCO	FY 2013 Total	FY 2014	FY 2015	FY 2016	FY 2017	Cost To Complete	Total Cost
• 1: <i>RDT&E AF, PE 0305220F, RQ-4 UAV</i>	0.000	82.906	0.000	0.000	0.000	0.000	0.000	0.000	0.000	Continuing	Continuing

E. Acquisition Strategy
The U.S. signed the PMOU committing the U.S. Government to NATO-derived cost shares of the AGS prime contract for design, development, demonstration, and initial production of the NATO AGS system. The system will be delivered via a fixed price Direct Commercial Sale contract between Northrop Grumman Integrated Sensor Systems International, Incorporated (NGISSI) & NATO.

UNCLASSIFIED

Exhibit R-2, RDT&E Budget Item Justification: PB 2013 Air Force		DATE: February 2012
APPROPRIATION/BUDGET ACTIVITY 3600: <i>Research, Development, Test & Evaluation, Air Force</i> BA 7: <i>Operational Systems Development</i>	R-1 ITEM NOMENCLATURE PE 0305238F: <i>NATO AGS</i>	
<u>F. Performance Metrics</u> Please refer to the Performance Base Budget Overview Book for information on how Air Force resources are applied and how those resources are contributing to Air Force performance goals and most importantly, how they contribute to our mission.		

UNCLASSIFIED

Exhibit R-4, RDT&E Schedule Profile: PB 2013 Air Force		DATE: February 2012
APPROPRIATION/BUDGET ACTIVITY 3600: <i>Research, Development, Test & Evaluation, Air Force</i> BA 7: <i>Operational Systems Development</i>	R-1 ITEM NOMENCLATURE PE 0305238F: <i>NATO AGS</i>	PROJECT 676001: <i>NATO AGS</i>

UNCLASSIFIED

Exhibit R-4A, RDT&E Schedule Details: PB 2013 Air Force			DATE: February 2012
APPROPRIATION/BUDGET ACTIVITY 3600: <i>Research, Development, Test & Evaluation, Air Force</i> BA 7: <i>Operational Systems Development</i>	R-1 ITEM NOMENCLATURE PE 0305238F: <i>NATO AGS</i>	PROJECT 676001: <i>NATO AGS</i>	

Schedule Details

Events	Start		End	
	Quarter	Year	Quarter	Year
Contract Award	2	2012	2	2012
Design / Development	3	2012	2	2016
Flight Test	3	2015	1	2016
Aircraft Delivery	2	2016	4	2016
Ground Station Delivery	4	2015	2	2017